

This letter concerns motor vehicles that have been converted for use by disabled persons. See 86 Ill. Adm. Code 130.310. (This is a GIL.)

June 23, 2004

Dear Xxxxx:

This letter is in response to your letter dated November 17, 2003, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

We purchased a wheelchair converted Chrysler minivan from ABC in CITY/STATE on October 23, 2003. Attached to this letter you will see the invoice from XYZ for the van and an invoice from ABC for the conversion. There is also a purchase contract with ABC who orchestrated the sale.

I took these documents to my local drivers' license facility to pay the tax and get plates. After some discussion, they collected 6 ¼% tax on

- \$17135 (the Van)
- \$1000 (Chrysler Factory Rebate)
- \$15675 (the ABC conversion)

The total is \$33,810, for which a tax receipt is attached.

I had been told by ABC that I would be taxed on the full amount on the van and the rebate but only 1% on the ABC conversion. I have since found references to 35 ILCS 120/2-10 that indicates that I should have paid the 1% tax on the conversion.

I called Department of Revenue and they told me that since I bought the whole van with the conversion at the same time, I was liable for the full tax. I find this hard to believe. It

seems to me that the conversions are clearly separate from the van purchase. My separate invoice for the van from the conversion supports this.

The department said I could send a request to you for a legal reading on the matter. I appreciate your time and would like to settle the issue.

Without reviewing and making a determination as to the contractual obligations of all parties involved in your purchase of the Van, the Department has reviewed the paperwork submitted with your request.

For general information purposes it is our understanding you placed a purchase order for the Van with conversions from "ABC" on October 23, 2003. Subsequent to your initial purchase order, ABC purchased a van from XYZ on November 4, 2003 in order to supply you with the finished product.

The selling price of a vehicle that has been previously modified to make it usable by a disabled person is subject to the general merchandise tax rate in the State of Illinois (6.25% plus applicable local taxes, if any). For example, if a motor vehicle dealer sells a van that has been converted to make it usable by a disabled person, the entire selling price of that vehicle is subject to the general merchandise rate of tax. On the other hand, if an individual purchases a vehicle and that person separately contracts (either with the dealer or a conversion company) to have that vehicle modified to make it usable by a disabled person, any tangible personal property sold or transferred as part of that modification service transaction will be subject to the low rate of tax (1% plus any applicable local tax). See 86 Ill. Adm. Code 130.310(a). See also Informational Bulletin 96-16 (available on our website).

It appears from the unsigned documentation submitted that you purchased the Van from ABC complete with all conversions subject to the State of Illinois Use Tax at a rate of 6.25%. As stated, the purchase from XYZ is unsigned by the buyer, and it appears that ABC purchased the van from XYZ in order to complete your purchase order. Your statements that you purchased the converted Chrysler minivan from ABC and the documentation submitted, leads us to believe that the appropriate Use Tax was applied. The statute cited (130 ILCS 120/2-10) applies to modifications to a motor vehicle for the purposes of rendering it usable by a disabled person, not a previously modified van. See 86 Ill. Adm. Code 130.310. The invoice from ABC does not appear to be a separately stated invoice to have a van you own converted, but rather your purchase of a completely modified van.

I hope this information is helpful. If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess
Associate Counsel

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